

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

February 22, 2017

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Wednesday, February 22, 2017 at 9:00 a.m. in the C. Vernon Gray Room of the George Howard Building, 3430 Courthouse Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Stanley Milesky (arrived at 10:05 a.m.)
Budget Administrator: Holly Sun (arrived at 10:15)
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker (Voting Member in Fiscal Year 2017)
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl (left at 11:30 a.m., present by telephone thereafter)

Members Absent

Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh (Non-Voting Member in Fiscal Year 2017)
Representative, Howard County Police Officers' Association, Lodge 21:
 Mark Thomey

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer's Designee: John Peterson
Deputy Director of Finance: Rafiu Ighile
Budget Administrator: Holly Sun (arrived at 10:15 a.m.)
Employee Representative: Jeff Bronow (left at 9:55 a.m.; proxy given to
 Rafiu Ighile)
Representative, American Federation of State, County and
 Municipal Employees Local 3080: Kim Drennon

Representative, American Federation of State, County and Municipal
Employees Local 3085: Dale R. Chase

Member Absent

None

Also present for all or a portion of the meeting were:

Steve Peters, County Auditor's Office
Sima Taghavi, Department of Finance
Eric Ralph of Summit Strategies Group
Mary Claire Chesshire, Whiteford, Taylor & Preston L.L.P., Counsel to the
Committees
Teresa Reider, Office of Human Resources
Scott Southern, Retirement Assistant, Office of Human Resources
Nike Yahaya, Retirement Aide, Office of Human Resources
Janssen Evelyn, Office of Law

Wanda Hutchinson acted as Chair of the meeting and Mary Claire Chesshire acted as Secretary.

The meeting was called to order at 9:05 a.m.

As part of the "General Business" discussion Wanda Hutchinson distributed to the attendees the description prepared by Bolton Partners of data security measures taken by the web server host and PensionSoft Corporation with respect security data on the pension portal.

Wanda Hutchinson advised that the SharePoint page would be adding websites and links to NCPERS and the International Foundation to highlight education opportunities and other investor conferences.

Dale Chase raised a question as to whether it is acceptable to attend a dinner provided by investment managers at investment conferences. The Committee discussed, generally, the acceptance of dinners, gifts, etc. from entities doing business with Howard County, Maryland. Both the Howard County Code of Ethics and the Retirement Plan Committee Code of Conduct to be considered later in the meeting prohibit the acceptance of items of more than minimal value from entities doing business with the County. In general, a dinner provided to all attendees at an investor conference would be acceptable whereby a dinner provided to select individuals by an entity doing business with the County may not be.

Mary Claire Chesshire was requested to determine if specific procedures are in place under the Howard County Code of Ethics addressing questions on gifts and other items of value and reporting of those gifts.

At 9:15 a.m., a motion was made by Rafiu Ighile and seconded by Dale Chase to close the meeting of the Howard County Retirement Plan, pursuant to General Provisions Article § 3-305(b)(5) to consider the investment of public funds and General Provisions Article § 3-305(b)(13) to comply with a specific constitutional, statutory or judicially imposed requirement that prevents disclosure about a particular matter or proceeding. Mary Claire Chesshire indicated that the topics to be discussed during the closed sessions were the presentation by LGT Capital Partners and a vote on an amendment to the 57 Stars Subscription Agreement. The agreements between the Master Trust and both LGT Capital Partners and 57 Stars contain confidentiality provisions requiring that the discussions about each be made in closed session. Wanda Hutchinson, John Peterson, Rafiu Ighile, Jeff Bronow, Dale Chase, and Kim Drennon voted in favor of the motion, Holly Sun was absent for the vote, there were no negative votes or abstentions.

At 9:16 a.m., a motion was made by Rich Ruehl and seconded by Lonnie Robbins to close the meeting of the Police and Fire Plan pursuant to General Provisions Article § 3-305(b)(5) to consider the investment of public funds and General Provisions Article § 3-305(b)(13) to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents disclosures about a particular matter or proceeding. Mary Claire Chesshire indicated that the topics to be discussed during the closed session were a presentation by LGT Capital Partners and a vote on the amendment to the Subscription Agreement with 57 Stars. The agreements between the Master Trust and both LGT Capital Partners and 57 Stars contain confidentiality provisions requiring that the discussions about each be made in closed session. Wanda Hutchinson, Lonnie Robbins, Vincent Baker, and Rich Ruehl voted in favor of the motion, Stan Milesky, Holly Sun, Jason Luckenbaugh, and Mark Thomey were absent for the vote, there were no negative votes or abstentions.

At the invitation of the Committee, Scott Southern, Terry Reider, Janssen Evelyn, Steve Peters, Sima Taghavi, Nike Yahaya, Eric Ralph, and Mary Claire Chesshire stayed for the closed session.

The meeting reopened at 10:23 a.m. During the closed session, the Committee listened to a presentation by LGT Capital Partners and voted in favor of an amendment to the Subscription Agreement between the Master Trust and 57 Stars.

Eric Ralph provided the Investment Performance Review for the Master Trust through December 31, 2016. Eric's review included a discussion of the expected impact of President Trump's proposed policies on the markets. In short, the policies are

expected to boost U.S. GDP, the protectionist trade policies will likely drive higher inflation, and emerging markets are likely to be hurt by reduced global trade. Remaining diversified is critical due to the range of potential outcomes and heightened market volatility. The Master Trust should maintain its exposure to inflation protection due to upward cyclical pressures from tightening capacity utilization, tightening labor markets, and more accommodative fiscal policy. Eric also highlighted for the Committees the Wall Street predictions made at the beginning of the year and whether the predicted results were realized. Wall Street was correct that bond returns would be low as a result of interest rates increasing and that credit spreads were an attractive option. However, Wall Street was incorrect insofar as it predicted that European equities would outperform domestic and emerging markets. Eric also highlighted for the Committees the impact of a proposed trade war on emerging markets. In summary, a trade war with Mexico will have less impact because Mexico represents only 4% of the MSCI Emerging Markets Index, whereas China (including Taiwan) represents 38% of that index.

Eric reviewed for the Committees the performance of the Master Trust compared to approximately 400 public plans. For the one and three year periods, the Master Trust ranked in the top 36th and 35th percentiles respectively. For the five year period, the Master Trust ranked in the 57th percentile. The Master Trust's investments are less risky than the implementation index; however, returns are better. The Master Trust's investments are well-positioned to address future risks due to diversification.

For the one-year period ending December 31, 2016, the Master Trust returned 7.81%, outperforming the implementation index by 131 basis points.

The minutes of the January 26 and February 6, 2017 meetings were unanimously approved by the members of both Committees.

Sima Taghavi then presented the financial statements, including a Statement of Revenues and Expenses, Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for both Plans. As a general observation, all revenues and expenses are close to budget. While the expenses for actuarial services appear to be slightly over-budget, the actuaries' work for the fiscal year is complete for the most part. Terry Reider noted to the Committees that there is room in the budget travel and training expense and recommended the Committee members take advantage of the availability of funds for travel and training.

Mary Claire Chesshire presented to the Committees for adoption the Standards of Professional & Ethical Conduct for members of the Retirement Plan Committees. These Standards were reviewed by the Committees at previous meetings and are based on standards promulgated by the Chartered Financial Analyst Institute. The Standards align with the Howard County Public Ethics Law. Upon motion duly made and

seconded, the Committees unanimously approved the adoption of the Standards. The Standards will be added to the Share Point page for the Committee.

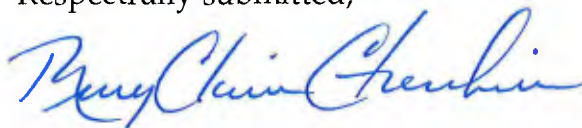
At 11:30 a.m., a motion was made to adjourn the meeting for members of the Employees Plan.

Members of the Police and Fire Plan then discussed the request to consider an amendment to the Plan to eliminate the provision whereby the monthly death benefit paid to the surviving spouse of a police or fire employee who dies in the line-of-duty terminates upon the spouse's remarriage. Mary Claire reviewed for the Committee a survey of other local public safety retirement plans showing that the Police and Fire Employees Plan is one of three public safety retirement plans that provide for termination of spousal death benefits upon remarriage. Both Rich Ruehl and Vincent Baker are in support of the amendment. The police representatives were not in attendance, but Lonnie Robbins reported that the police representatives have not expressed strong support either way with respect to the proposed amendment. The Committee discussed whether an amendment would be retroactive or prospective only. Based on information available to the Committee at the meeting, only one participant in the Police and Fire Plan has died in the line-of-duty and the surviving spouse of that officer has not remarried. Terry also noted for the Committee that, following the remarriage of a surviving spouse, benefits continue to the minor children until they reach age 21, or age 23 if a full-time student.

The discussion was tabled until the next meeting so that Rich Ruehl could obtain input from his Executive Board and so that Mark Thomey and Jason Luckenbaugh's input could be provide in person. The Committee will also consider whether the spousal death benefit can be assigned to a subsequent spouse of the surviving spouse under a qualified domestic relations order.

Upon motion duly made and seconded, the Police and Fire Plan Committee meeting adjourned at 12:05 p.m.

Respectfully submitted,



Mary Claire Chesshire
Secretary of the Meeting